

Message Text

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10

ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 OMB-01 AID-05 EB-07 COME-00 TRSE-00 XMB-02

/083 W

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R 200747Z NOV 75

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 1318

INFO AMEMBASSY LONDON

AMCONGEN HONG KONG

AMCONSUL MEDAN

AMCONSUL SURABAYA

LIMITED OFFICIAL USE JAKARTA 14268

HONG KONG FOR TREASURY REP

E.O. 11652: N/A

TAGS: EFIN, EGEN, ID

SUBJECT: GOI ANNOUNCES \$425 MILLION BALANCE OF
PAYMENTS LOAN

REF: JAKARTA 14250 NOTAL

BEGIN UNCLASSIFIED

1. ON NOVEMBER 19 FOLLOWING GOI ECONOMIC STABILIZATION
MEETING CHAIRED BY PRESIDENT SUHARTO, GOVERNMENT SPOKESMAN
MASHURI ANNOUNCED SIGNING OF SECOND \$425 MILLION B/P
MORGAN GUARANTY SYNDICATED LOAN. SIGNING TOOK PLACE
LONDON NOVEMBER 14 BETWEEN MORGAN OFFICIALS REPRESENTING TEN
OTHER CO-MANAGERS AND RACHMAT SALEH, GOVERNOR BANK
INDONESIA (CENTRAL BANK). END UNCLASSIFIED

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2. TERMS OF LOAN WERE NOT RPT NOT ANNOUNCED; HOWEVER, EMBASSY HAS LEARNED FROM MORGAN GUARANTY REP THAT TERMS SIMILAR TO PREVIOUS MORGAN GUARANTY SYNDICATED LOAN OF MAY IN THAT IT IS FOR FIVE YEARS WITH TWO YEARS' GRACE AND ELEVEN CO-MANAGERS CHARGING 1-7/8 OVER LIBOR. MORGAN REP SAID HOWEVER THAT SOME PARTICIPANTS IN LOAN WERE ADDING FRONT-END COMMITMENT FEE AND OTHER CHARGES WHICH BRING EFFECTIVE RATE TO TWO POINTS OVER LIBOR. WITH THIS AND PREVIOUS MORGAN GUARANTY LOAN PLUS \$150 MILLION BANK OF TOKYO B/P CREDIT CONSUMMATED IN JUNE COI HAS SUCCESSFULLY BORROWED \$1 BILLION WHICH WILL ASSIST IN COUNTERING FOREIGN EXCHANGE EFFECTS OF GOI DECISION PAY OFF ALL LEGITIMATE PERTAMINA SHORT-TERM CREDITS AS ANNOUNCED BY BANK INDONESIA GOVERNOR SALEH IN MARCH.

3. COMMENT: EMBASSY SEES THIS AS FURTHER EVIDENCE OF CONFIDENCE BY INTERNATIONAL COMMERCIAL FINANCIAL COMMUNITY IN GOI FINANCIAL LEADERS' ABILITY. TO SUCCESSFULLY MANAGE THE CURRENT FINANCIAL PROBLEM AND TAKE ADVANTAGE OF INDONESIA'S EXPORTABLE RESOURCES DESPITE CURRENT SLOW-DOWN IN FX EARNINGS AS RESULT SLUGGISH RECOVERY INDUSTRIALIZED WORLD ECONOMIES.
NEWSOM

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Margaret P. Grafeld
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06 JUL 2006

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